UNIVERSITY OF OTTAWA
HEART INSTITUTE
INSTITUT DE CARDIOLOGIE
DE L'UNIVERSITÉ D'OTTAWA

FOUNDATION
FONDATION

Bringing the Future Closer

Gifts of Retirement Funds

Gifts of all or portions of RRSPs and RRIFs are particularly beneficial for donors who are single, without dependants.

If an individual dies without a surviving spouse or qualifying dependants, the value of the RRSP or RRIF is taxed as ordinary income in the year of death. The estate could pay up to 46% of the value in taxes, depending on the tax rate of the deceased individual.

A **charitable tax receipt** can help offset taxes payable on the RRSP or RRIF if some or all of the money was donated to charity. The donor would simply name the charity as the beneficiary of all or a portion of the RRSP or RRIF, or name the estate as the beneficiary of all or a portion of the RRSP or RRIF and put a clause in his or her Will with directions to donate it to charity.

Example

Bob is retired and is a widower with adult children. He draws an income from an RRIF worth $200,000. Wanting to make a substantial contribution to the Heart Institute, he decides to name the University of Ottawa Heart Institute Foundation as beneficiary of 30% of his RRIF. He designates his children as beneficiaries of the balance of his RRIF.

Assuming that there will be $100,000 remaining in his RRIF when he passes away, his contribution of $30,000 will be sent to the University of Ottawa Heart Institute Foundation.

The benefit to Bob's estate is:

- ✔ *it will receive a charitable tax receipt for $30,000 to offset the tax paid on $30,000 of the RRIF that was donated to the University of Ottawa Heart Institute Foundation.*

The portion that goes to his children will be fully taxed at Bob's tax rate.

Please note that this example is for illustration purposes only. Since each personal financial and tax situation is unique, please consult with your legal or tax advisor to ensure that you receive a full and accurate explanation of the benefits to you of your charitable gift.

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